

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
THE TARIFF FILING BY VERIZON DELAWARE)
LLC FOR ITS ANNUAL APPLICATION OF THE)
PRICE CAP FORMULA IN ACCORDANCE WITH) PSC DOCKET NO. 13-004
SECTION 707(b) OF THE)
TELECOMMUNICATIONS TECHNOLOGY)
INVESTMENT ACT (FILED APRIL 1, 2013))

ORDER NO. 8412

This 16th day of July, 2013, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on April 1, 2013, Verizon Delaware LLC ("Verizon") filed its 2012 Annual Price Index Report ("2012 PI Report") for its regulated "basic" telecommunications services. Verizon has chosen to offer its telecommunications services under the alternative regulatory scheme set forth in the Telecommunications Technology Investment Act, 26 Del. C. §§704 to 711 (the "TTIA"). In 2008 Verizon re-elected to operate under TTIA; and

WHEREAS, if the Price Adjustment factor (0.990) is applied to Verizon's prior-year "above cost" basic service revenues,¹ a downward rate adjustment of Ninety-Three Thousand Dollars (\$93,000) results;² and

¹ See 26 Del. Admin. C. §4005-3.4.5.

² The aggregated amounts appear typically to trend to smaller sums for two reasons. First, the historical practice has been to exclude from the basic services revenue "pool" those revenues collected for basic services that Verizon reports as having been offered "below cost." See 26 Del. C. § 707(c)(5) & 26 Del. Admin. C. §4005-2.4. Second, the contraction in the number of "basic" services by the 2008 statutory amendments necessarily reduced the total amount of "basic" service revenues pool.

WHEREAS, per 26 Del. Admin. C. §4005-3.4.5(2), Verizon proposes to "bank" the interexchange reduction portion of this amount, Nineteen Thousand Dollars (\$19,000), to the local switching element rate of its intrastate switched access charges. This rate element would remain at \$0.008610 per minute of use. Verizon also proposes to bank the residential, and business customer portions, Five Thousand Dollars (\$5,000) and Sixty-Nine Thousand Dollars (\$69,000) respectively, and to combine them with similar adjustments in next year's Price Index filing.³ In an effort to give a detectable value to modest aggregated sums, banked amounts can be combined with successive years' adjustments so that the later total might have rate change significance to customers; and

WHEREAS, Verizon published two newspaper notices which solicited comments regarding its filed 2012 PI Report. Neither the Commission nor Verizon received responses to these published notices; and

WHEREAS, Staff has reviewed the filed 2012 PI Report and now recommends that the Commission approve such filing, Verizon's calculations, and Verizon's aggregation and banking proposals; and

³ TTIA Rules, §3.4.5(1) and (2).

WHEREAS, the Division of the Public Advocate ("DPA") supports Staff's position; and

WHEREAS, based on Staff's recommendation and the DPA's support, the Commission accepts the filed 2012 PI Report submitted by Verizon on April 1, 2013, and finds good cause to allow the aggregation of the downward price adjustment. The Commission will allow the deferral of the residential and business customer and access rate reductions.

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. That the Commission hereby accepts the 2012 Annual Price Index Report (the "Report") submitted to the Commission by Verizon Delaware LLC on April 1, 2013. The price indexes and adjustments set forth in such Report are approved.

2. That, pursuant to 26 *Del. Admin. C.* §4005-3.4.5 of the "Regulations for Implementation of the Telecommunications Technology Investment Act," the Commission approves the aggregation of the 2012 Price Adjustment factor to a sum of Ninety-Three Thousand Dollars (\$93,000).

3. That, pursuant to 26 *Del. Admin. C.* §4005-3.4.5(2), the Commission approves the proposal to defer application of the portions of the aggregated sum applicable to interexchange, residential, and business customer "basic" services. Such amount, which is equal to Ninety Three Thousand Dollars

(\$93,000), shall be carried forward to a later year, with each class' proportion to be then applied as the Commission might later direct. Verizon Delaware LLC shall be liable for payment of interest calculated on the banked amount per 26 *Del. Admin. C.* §1003 (Interest on Commission Ordered Rate Refunds).

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary